

1 **BEFORE THE FEDERAL ELECTION COMMISSION**

2
3
4 In the matter of)

5)
6 MUR 6373)

7 TERESA STANTON COLLETT)

8 TERESA COLLETT FOR)

9 CONGRESS AND FRED MEYER,)

10 AS TREASURER)

CASE CLOSURE UNDER THE
ENFORCEMENT PRIORITY
SYSTEM

11
12 **GENERAL COUNSEL'S REPORT**

13
14 Under the Enforcement Priority System, matters that are low-rated _____

15 _____ are

16 forwarded to the Commission with a recommendation for dismissal. The Commission has

17 determined that pursuing low-rated matters, compared to other higher rated matters on the

18 Enforcement docket, warrants the exercise of its prosecutorial discretion to dismiss these cases.

19 The Office of General Counsel scored MUR 6373 as a low-rated matter.

20 In this matter, the complainant, Darren Tobolt, asserts that Teresa Collett¹ failed to file a

21 Statement of Candidacy on an FEC Form 2, and Teresa Collett for Congress and Fred Meyer, in

22 his official capacity as treasurer ("the Committee"), failed to timely file a Statement of

23 Organization on an FEC Form 1, as well as a 2010 April Quarterly Report. See 2 U.S.C.

24 §§ 432(e), 433 and 11 C.F.R. §§ 101.1, 102.1. The complainant asserts that Ms. Collett engaged

25 in campaign activities during the period from January 30 through May 25, 2010 and attaches

26 copies of Ms. Collett's Twitter postings during that time period, which refer to Ms. Collett's

27 "campaign" and to "Teresa Collett for Congress," among other similar postings. The complaint

28 states that despite the campaign activity and the fact that the Committee allegedly raised and

29 spent over \$5,000 in the first quarter of 2010, the Committee did not file its initial Statement of

1 _____
Ms. Collett unsuccessfully sought to represent Minnesota's Fourth Congressional District.

1 Organization until April 20, 2010, and did not file a complete Statement of Organization until
2 August 17, 2010. The complaint also alleges that that the Committee did not timely report
3 \$6,157.00 in contributions and \$1,045.33 in expenditures during the first quarter of 2010,
4 resulting in net cash on hand of \$5,111.65.² The complainant asserts that the Committee never
5 filed a quarterly disclosure report covering this time period and that the Committee's July
6 Quarterly Report does not disclose the first quarter activity.

7 The complainant also alleges that the Committee failed to disclose complete contributor
8 information. The complaint states that the Committee's disclosure reports fail to adequately
9 identify 16 of 35 itemized contributors. Finally, the complainant alleges that the Committee
10 failed to disclose the true and complete purpose of its disbursements to individuals and vendors,
11 citing disbursements to individuals reported as "consulting fees" and disbursements to vendors
12 and individuals reported as "supplies" and "convention."

13 In response, the Committee asserts that the FEC Compliance Division advised the
14 Committee that a Statement of Organization is due no more than ten days after raising or
15 spending \$5,000.³ The Committee states that once that threshold was reached, the Committee
16 mailed the Statement of Organization on an FEC Form 1 and Statement of Candidacy on an FEC
17 Form 2 in the same envelope via U.S. Postal Service. The Form 2 posted was on the FEC
18 website on April 20, 2010; however, on June 17, 2010, the Committee received a letter from the
19 Reports Analysis Division ("RAD") stating that the complete Form 1 had not been received. The

² The Committee's amended 2010 July Quarterly Report, filed on July 20, 2010, disclosed a beginning cash on hand balance of \$5,111.65. We were unable to determine the source of the figures alleged in the complaint for contributions and expenditures in the first quarter of 2010.

³ Although the response states that the FEC Compliance Division advised the Committee that the Form 1 is due within ten days of raising or spending \$5,000, Commission regulations provide that the FEC Form 2 shall be filed within fifteen days of becoming a candidate and the FEC Form 1 shall be filed within ten days of the designation of the principal campaign committee. 11 C.F.R. §§ 101.1 and 102.1. An individual is deemed to seek nomination when he has received contributions or made expenditures in excess of \$5,000. *Id.*

11044284802

1 response states that the Committee immediately uploaded a complete Form 1 to the FEC website.
2 The response also states that the FEC Compliance Division advised the Committee that a
3 quarterly disclosure report would not be due until after the end of the first quarter, and that the
4 receipts and disbursements from that time period should be included in the July Quarterly
5 Report.

6 With regard to the complainant's allegation concerning contributor information, the
7 Committee asserts that it fully discloses all contributions. The response explains that the
8 Committee's treasurer uses best efforts to obtain any required information that is not initially
9 provided by sending a letter within seven days of receipt of a contribution. The Committee also
10 asserts that it fully discloses all disbursements and will provide additional information for any
11 disbursement for which the FEC seeks clarification.

12 Under the Act, an individual becomes a "candidate" when he or she has received or made
13 in excess of \$5,000 in contributions or expenditures. 2 U.S.C. § 431(2). Achieving "candidate"
14 status triggers registration and reporting requirements for the candidate and his or her principal
15 campaign committee. Within 15 days of becoming a candidate, the individual must designate a
16 principal campaign committee. 2 U.S.C. § 432(e)(1); *see also* 11 C.F.R. § 101.1(a). The
17 principal campaign committee must file a Statement of Organization no later than 10 days after
18 the candidate designates it as such. 2 U.S.C. § 433(a); *see also* 11 C.F.R. § 102.1(a).

19 The response indicates that Ms. Collett and the Committee mailed the Statement of
20 Candidacy and Statement of Organization upon reaching the \$5,000 threshold in contributions
21 and expenditures, contrary to the complainant's claim that the candidate had not filed a
22 Statement of Candidacy as of September 2, 2010. The Commission's Report Image Database
23 reflects that initial versions of both of these documents were filed with the Commission on April

11044284803

1 20, 2010. However, the Statement of Organization posted on April 20, 2010 only contained
2 pages 3 and 4 of the Form 1. On June 17, 2010, RAD notified the Committee by letter that it had
3 failed to file a complete Statement of Organization. The Report Image Database reflects that the
4 Committee filed an amended Statement of Organization on June 21, 2010, but that filing only
5 contained pages 1 and 2 of the Form 1. The Report Image Database reflects that Committee
6 electronically filed a complete Form 1 on August 17, 2010. Although the Committee did not file
7 a complete Statement of Organization until August 17, 2010, it appears that the Committee's
8 failure to file a complete Statement of Organization until that time was inadvertent, as the
9 response asserts that the complete Statement of Organization was mailed in the same envelope as
10 the Statement of Candidacy, which was posted to the Commission's website on April 20, 2010,
11 and the Committee quickly responded to RAD's June 17, 2010 letter by filing the first two pages
12 of the Form 1, as an amended Statement of Organization.

13 All reportable amounts from a committee's inception must be filed with the first financial
14 disclosure report filed by the committee, even if the amounts were received or expended prior to
15 the reporting period. See 11 C.F.R. §§ 104.3(a) and (b). The Committee filed its Statement of
16 Organization on April 20, 2010, which was after the April 15, 2010 due date for the April
17 Quarterly Report. Accordingly, the Committee was not required to file an April Quarterly
18 Report, but was required to report all of its receipts and disbursements from the Committee's
19 inception in its July Quarterly Report. The Committee timely filed its July Quarterly Report on
20 July 15, 2010, which covered the period from February 1, 2010 through June 30, 2010. The
21 Committee then amended its July Quarterly Report on July 20, 2010, and disclosed a beginning
22 cash on hand balance of \$5,111.65, the net amount of the Committee's contributions and
23 expenditures in the first quarter of 2010, without disclosing the source of those funds. RAD sent

11044284804

1 the Committee a Request for Additional Information (“RFAI”) on September 21, 2010 asking
2 that the Committee amend its reports to disclose the Committee’s financial activity since its
3 inception. The Committee filed a second amended July Quarterly Report on October 1, 2010,
4 which appears to include the first quarter activity. Accordingly, it appears that the Committee
5 and Ms. Collett have now filed a complete Statement of Organization, Statement of Candidacy,
6 and July Quarterly Report.

7 With respect to the complaint’s allegations that the Committee failed to disclose full
8 contributor information, Commission regulations require that committees disclose the
9 identification of all individuals who contribute in excess of \$200 in an election cycle. 11 C.F.R.
10 § 104.3(a)(4)(i). Identification of an individual is defined as the full name, complete mailing
11 address, occupation, and name of employer. 11 C.F.R. § 100.12. In its September 21, 2010
12 RFAI, RAD also referenced issues concerning contributor information in the Committee’s
13 amended July Quarterly Report filed July 20, 2010 and requested the Committee provide the
14 missing contributor information or demonstrate that “best efforts” had been used to obtain the
15 information. *See* 11 C.F.R. § 104.7(b). Commission regulations require that follow-up requests
16 for contributor information be made within 30 days after the contribution is received and can be
17 made orally or in writing. *Id.* As the complainant asserts, the Committee’s amended July
18 Quarterly Report included 16 contributors whose employer information and occupation was
19 disclosed as “information requested.” When the Committee amended its July Quarterly Report
20 on October 1, 2010, the number of contributors whose information was disclosed as “information
21 requested” decreased to nine contributors. The Committee’s response also states that its
22 treasurer uses “best efforts” to obtain information not provided in the initial request for
23 contributions by sending a letter within seven days of receipt of a contribution lacking any item

11044284805

1 of information. Although the Committee initially did not disclose full contributor information
2 for a significant percentage of its contributors, it appears that the Committee uses “best efforts”
3 to obtain contributor information and has taken steps to disclose contributor information received
4 in response to follow-up requests.

5 In addressing the complainant’s final allegation that the Committee failed to disclose the
6 true and complete purpose of its disbursements, Commission regulations require that each
7 disbursement be identified by a purpose, or brief description of why the disbursement was made.
8 11 C.F.R. § 102.9(b)(1). The Commission issued a policy statement to provide examples of
9 descriptions committees may use to describe the purpose of their disbursements. *See Statement*
10 *of Policy, “Purpose of Disbursement” Entries for Filings with the Commission,* 72 Fed. Reg.
11 887 (January 9, 2007). The complainant points to several examples of potentially inadequate
12 purposes, including “consulting fees,” “supplies,” and “convention.” Due to the fact that the
13 disbursements referenced in the complaint represent only a small percentage of the Committee’s
14 disbursements, we do not believe this allegation warrants further Commission resources.

15 The Committee has now filed complete FEC Forms 1 and 2, has disclosed all receipts and
16 disbursements since its inception, appears to use its best efforts to obtain and disclose contributor
17 information, and had only a small number of inadequate descriptions used for its disbursements.
18 For these reasons, and in furtherance of the Commission’s priorities and resources relative to
19 other matters pending on the Enforcement docket, the Office of General Counsel believes that
20 the Commission should exercise its prosecutorial discretion and dismiss this matter. *See Heckler*
21 *v. Chaney*, 470 U.S. 821 (1985).

22

11044284806


RECOMMENDATIONS

The Office of General Counsel recommends that the Commission dismiss MUR 6373,
close the file, and approve the appropriate letters.

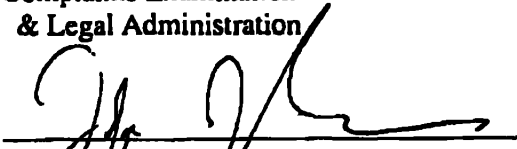
Christopher Hughey
Acting General Counsel

11/30/10
Date


BY:



Gregory R. Baker
Special Counsel
Complaints Examination
& Legal Administration



Jeff S. Jordan
Supervisory Attorney
Complaints Examination
& Legal Administration



Kasey Morgenheim
Attorney

11044284807